SEPTEMBER 1960

THIRTY FIVE CENTS

MONTHLY REVIEW

AN INDEPENDENT SOCIALIST MAGAZINE

VOL. 12

5

THE THEORY OF U.S. FOREIGN POLICY

THE EDITORS

WASTE IN U.S. MEDICINE

A COMMITTEE OF PHYSICIANS

A Real Democracy

FIDEL CASTRO

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEEZY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CONTENTS

VOLUME TWELVE NUMBER FIVE SEPTEMBER 1960

REVIEW OF THE MONTH: The Theory of U.S. Foreign Policy—I 273
WASTE IN AMERICAN MEDICINE by A Committee of Physicians 280
A REAL DEMOCRACY by Fidel Castro 305
WORLD EVENTS by Scott Nearing 310
THINKERS, TREASURERS, AND THE COLD WAR by Barrows Dunham 317

MONTHLY REVIEW: Published monthly except July and August when bimonthly, and copyright, ©1960, by Monthly Review, Inc. Second class postage paid at New York, N. Y.
EDITORIAL AND BUSINESS: 333 Sixth Avenue, New York 14, New York. *Telephone: CHelsea 2-8403.*
MAILING ADDRESS: 66 Barrow Street, New York 14, New York. Address ALL communications to 66 Barrow Street.
NEWSSTAND DISTRIBUTOR: B. De Boer, 102 Beverly Road, Bloomfield, N. J.
SUBSCRIPTION PRICE: One year—$4; two years—7. By 1st class mail—United States $6; everywhere else $7. By air mail—No. America $8; So. America $13; Europe $17; Asia $24.
EDITORS: Leo Huberman and Paul M. Sweezy.

NOTES FROM THE EDITORS

The heaviest mail in MR history came in response to the special July-August issue on *Cuba: Anatomy of a Revolution*. It came in the form of enthusiastic letters, subs "to begin with the Cuba issue," and orders for as many as 50 copies of the book. On the newsstands the issue was quickly sold out. We have space to quote only a few of the letters:

"I read the opening lines—and kept on reading without a stop until the last paragraph. . . . Your great merit is in realizing the importance of the event and your success in presenting a painstaking and realistic study so quickly."

"You have used your gifts for vivid writing and thorough analysis to give me the first picture of Cuba that seems honest and reliable."

"As an old MR subscriber, I'd like to say that the Cuba issue is one of the best things you have done."

"Your Cuba issue should get the Pulitzer Prize."

From a professor in New Zealand: "Congratulations on a magnificent job! It blows away the miasma of confusion and misrepresentation which makes any assessment of the situation difficult to the outsider. It provides for the first time a documentation of the aims and achievements of the new regime. Above all, it is an affirmation of a view too seldom heard—that humanity and compassion for one's fellow beings may make people revolutionists."

But the letter we liked best of all was the following: "The issue of the journal devoted to Cuba is a first-rate piece of reportage for which we feel we shall be indebted to you forever. It is superb! . . . Our admiration for your efforts to keep some of us honestly and intelligently informed is unbounded. And in order to be of help I have been busy selling subscriptions and here are the results. Herewith a check for $33. . . . ."

We are indeed grateful to all who sent in contributions to help meet the extraordinarily heavy costs incurred in getting out an issue of 192 pages, but we confess that the kind of help we most appreciate is indicated

(continued on inside back cover)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE THEORY OF U.S. FOREIGN POLICY—I

United States foreign policy has been generating defeats for well over a decade now but never at such a fast and furious pace as during the last few months.

The current series of setbacks and disasters began with the ignominious fall and flight of Syngman Rhee in April. Rhee was Washington's answer to the problem of underdeveloped countries—a bloody tyrant dressed up in fake democratic clothes. When the wonderfully courageous students of South Korea revolted and threw him out, they did more than deal a grievous blow to America's prestige; they also put ideas into the heads of students (and others) in a lot of other places.

The students of Turkey were the next to act. They descended into the streets and gave the heave-ho to Prime Minister Menderes and his henchmen, another gang that had come to believe that fawning on Washington gave it an unlimited license to misgovern and rob its own countrymen.

And then came the really big show in Japan. Prime Minister Kishi, erstwhile organizer of the famous co-prosperity sphere and more recently the most pro-American of Japanese politicians, rammed through parliament a new Japanese-American military treaty and figured to make political capital by tying its final ratification to a projected Eisenhower visit to Tokyo. The result was an astonishing outburst of angry protest. Literally hundreds of thousands of students and workers staged huge demonstrations day after day until the Eisenhower visit had to be cancelled and Kishi himself was forced out of office. The treaty survived—at least for the present. But people all over the world are wondering how much good it will do Washington to have a military alliance with a country that is so obviously moving toward a neutralist position.

And now as we write comes news of still another revolt among the satellites, this time in Laos which, according to Dennis Bloodworth, writing in the *New York Herald Tribune* of August 11th, "receives more American economic and military aid per capita than any other country in the world." Could there be a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

more eloquent commentary on the futility of trying to buy allies against their own interests? Or a clearer warning that Washington's latest plan to drown the Latin American revolution in dollars is bound to prove a miserable failure?

But American defeats in recent months have by no means been confined to revolts among the satellites. There was the U-2 affair, a defeat for American policy which was turned into a veritable rout by a series of incredibly stupid blunders, culminating in the collapse of the summit meeting. No other event, it is safe to say, has so shaken the whole American-sponsored system of anti-Communist alliances and bases, or so powerfully promoted the growth of neutralist sentiment on a world-wide scale.

Relations with Cuba have been an equally fertile source of defeats for United States policy. In its anxiety to weaken and eventually overthrow the Cuban revolution, Washington has come close to accomplishing the exact opposite. The Castro regime has been forced to expand its military power and to extend its control over the economy further and faster than if the pressure from Washington had been less intense. Far from being economically choked to death, Cuba has been able to develop new markets and sources of supply in the socialist countries; and while there are doubtless short-run disadvantages to Cuba in having to change the pattern of its trade so quickly and drastically, in the longer run it will be a priceless *asset* to have other planned economies as its principal trading partners. Finally, the intended isolation of Cuba from the rest of Latin America has worked in reverse: it is the United States, not Cuba, that is being isolated from Latin America. "Suspicion of the U.S., Sympathy for Cuba Rises in Latin Lands," is the headline on a leading article in the *Wall Street Journal* of July 29th, and the body of the article contains plenty of supporting evidence. In this connection it is probably safe to say that no act of recent years has done so much as the slash in the Cuban sugar quota to refurbish and magnify before all Latin America the historic image of the United States as the arch enemy of national independence and social reform.

Other, less spectacular, defeats for American foreign policy could be adduced—especially in Africa where the obvious is once

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

again being proved, that you cannot be for both imperialist exploiters and their victims. But the general picture is clear enough and can hardly be denied by anyone. The deterioration of America's position in the world, which has been going on ever since Truman entered the White House in 1945, has sharply accelerated in recent months. And the outlook is for more of the same—only more so.

What is the reaction in the American ruling class to this consistent and comprehensive failure of foreign policy? One might expect mounting criticism and growing support for an alternative policy or policies. And yet one looks in vain for anything of the kind in the United States today. We are in the midst of an election campaign, which gives all the leading politicians of both political parties plenty of chance to expound their views to the public. So far as we know, not one of them has once voiced any criticism of the essentials of American policy or proposed that it be changed in any important respect. The Democrats of course criticize the blunders of the Eisenhower administration (which is easy enough to do) and claim that if they were in charge no more blunders would be committed (which, to say the least, is dubious). But when it comes to explaining the defeats of the recent past and prescribing for the future, Democrats join Republicans in blaming everything on the wicked Communists and calling for an intensification of the cold war and a stepping up of the arms race.

How are we to explain this? How account for the fact that the virtually unanimous response of the American ruling class to failure is an evasion of any serious analysis of the causes and a stubborn adherence to the very policies that have consistently led to failure in the past?

Without giving complete answers to these questions,* we may nevertheless set out some of the relevant considerations.

* They ought to be a primary concern of professional social scientists, but they are not. The reason is that social scientists in this country today are dependent on universities and foundations which in turn are under the direct and close control of authentic representatives of ruling-class interests and ideology. Social scientists are treated generously and allowed to do what they want, but on one condition, namely, that they steer clear of any attempt at a *critical* analysis of American society. There are of course exceptions, but they are all of the rule-proving variety.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

To begin with, it is crucially important to recognize that foreign policy is shaped and dominated by *domestic class interests*. This is as true of the United States today as it was of the Roman Empire or the France of Louis XIV. In some countries at some times the class structure and the pattern of interests reflected in foreign policy present a more or less complicated puzzle. This was true, for example, of the United States in the mid-19th century when the nation included two conflicting forms of society struggling for control of the national government, each with its own class structure and its particular needs in the area of foreign policy. It was also true, to take another example, of Imperial Germany in the half century before World War I, that unique mixture of feudalism and capitalism that was driven by a rigorous inner logic to antagonize both Russia in the East and England in the West and thus to ensure its own eventual downfall.

The United States today, by comparison, is a much simpler case. It is completely dominated by monopoly capitalism, remnants of earlier social forms (particularly the independent farming class) being largely powerless. The normal state of an advanced monopoly capitalist society—in the sense of the norm toward which it is always tending—is chronic depression. The United States reached this stage of development some time between 1910 and 1930, with the norm becoming the reality in the 1930's. Chronic depression is not a viable condition, being against the interests of both capitalists and workers. It can be overcome (but not eliminated as a tendency) by, and only by, a large and *steadily growing* public sector. Theoretically, this public sector can take either a "welfare" or a "warfare" form. But a large *and growing* welfare program runs counter to the interests of a privileged ruling class, since it necessarily implies a cumulative program of social reform, the erosion of special rights and privileges, etc. A large and growing warfare program, on the other hand, not only "solves" the economic problem of monopoly capitalism but also helps to preserve intact the existing class structure with its graded system of rank, status, and privilege. Furthermore, and this is of the greatest importance, the military might which it creates is absolutely essential to the maintenance of the world-wide economic empire which provides

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

monopoly capitalism with indispensable (and highly profitable) raw materials, markets, and investment outlets. The ruling class therefore has the strongest kind of interest in seeing to it that the necessary public sector is a warfare sector. The working class, though of course its objective interests would be better served by a welfare sector, prefers the warfare sector to mass unemployment, and—judging from experience to date—can be relatively easily mass-persuaded into accepting it as a patriotic duty.

Thus we see that in the case of mid-20th-century America, the thrust of domestic class interests imperatively demands the cold war and the arms race, and it becomes the primary task of foreign policy to provide the necessary justification. From this it is but a short and logical step to the policy of global anti-Communism with all that it implies.

Considered in its domestic aspects and ramifications, global anti-Communism has thus been a very good proposition from the American capitalist point of view. Without it indeed, the system could hardly have survived in anything close to its present form. This explains why it has been so assiduously propagated and so widely accepted as an ideology. But considered as a foreign policy, that is to say in its practical manifestations as cold war and arms race, anti-Communism is a flop. Far from underpinning a stabilized American empire surrounded by powerful allies and friends, which is what the American ruling class wants and needs, the policy of anti-Communism is in fact precipitating a rapid decline in American prestige and influence throughout the world.

We noted earlier that the all-but unanimous response of the ruling class to this deterioration in America's world position has been, not to question the policy that has led to it, but rather to insist that what is needed is more zeal in applying that policy. The foregoing analysis enables us to explain this apparent paradox. *Up to now, the decline of the United States as a world power has had only minor repercussions on the domestic economy and has therefore left undisturbed the pattern of class interests that determines foreign policy. As long as this remains true there is no reason to expect either a change in foreign policy or an interruption in the process of decline.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

At this point we must digress briefly to answer a possible objection. It might be contended that our theory leaves out an important factor, that in determining their actions people can and do take account not only of the immediate situation facing them but also of trends and probable future situations. Is it not still a mystery why the American ruling class not only does nothing to check the deterioration of the United States world position but actually intensifies the policies that are responsible for the deterioration? The answer, it seems to us, depends on the most fundamental characteristic of a bourgeois society (or any other society based on private property), namely, that the overriding concern of each individual is *and must be* to look out for his own interests as best he can. What happens to the whole society is the resultant of an infinite number of individual self-seeking actions. The mentality of members of such a society (apart from revolutionary classes or groups, if any) is completely dominated by this arrangement. Each identifies the public interest with his own private interest and therefore has no inhibitions or guilt feelings about promoting his private interests even if he comes to occupy a governmental position carrying with it the duty to serve the entire society.* There is nothing in all this to prevent the individual from looking ahead and planning his private affairs in such a way as to take account of anticipated as well as actual situations, even if this means some sacrifice in the present. But it does mean that individuals cannot and will not look ahead and take upon themselves or seek to impose upon others present *private* sacrifices in exchange for an anticipated future *group* benefit. This is why in a capitalist society collective foresight and planning ahead are possible only to the extent that they involve negligible present sacrifices and ultimate benefits to all or nearly all individuals who count (i.e. property owners). If present sacrifices are substantial and future benefits collective, no action is possible. The bourgeois mentality, in other words, is so conditioned that it can never transcend the horizon of individual interests. When a given historical situation seems to call for such an effort, the response is a recourse to rationalizations which, while distorting reality, provide the needed justifica-

* Remember the classic formulation of Charlie Wilson: "What is good for General Motors is good for the United States."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion for attitudes and actions which can pass the private-interest test.

This analysis explains one of the most obvious and yet puzzling things about capitalist society, why it can never act in advance to forestall a crisis, no matter how predictable it may be, but must always wait and act after the crisis has occurred. Hundreds of illustrations of this proposition could be cited, but one will suffice. Urban sociologists and city planners are almost unanimous in telling us that our great metropolitan centers are headed straight for paralysis and that present-day transportation policies are hastening the day of disaster. And yet no effective counter-measures are being taken and it is safe to predict that none will be until the decisive private interests are immediately and overwhelmingly threatened. We suggest that precisely the same principle applies in the field of international affairs. A foreign policy which rains favors on private interests is precipitating the decline and fall of the United States as a world power. Nothing will be done about it, however, unless and until those same private interests begin to be hurt rather than benefited. Meanwhile, the American ruling class derives what comfort (and profit) it can from the rationalization that all its woes, present and prospective, derive not from its own policies and actions but from the machinations of the Communist devil.

How soon and in what ways can we expect the deterioration of America's world position to begin to have serious adverse effects on the American economy? And what form are these adverse effects likely to take? These are evidently the next questions which a theory of American foreign policy must ask. In the second half of this essay, which will appear in next month's MR, we shall try to provide the answers. (August 15, 1960)

CUBA
ANATOMY OF A REVOLUTION

LEO HUBERMAN
PAUL M. SWEEZY

Clothbound, with 16 pages of photographs
$3.50

Monthly Review Press
66 Barrow St., New York 14, N. Y.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WASTE IN AMERICAN MEDICINE

BY A COMMITTEE OF PHYSICIANS

The Kefauver Committee's revelations of scandalous drug industry profiteering are only the latest, but by no means the most important, indication of waste in American medicine. We have become so accustomed to the system, or more accurately lack-of-system, by which medical service is provided in the United States that most of the waste passes without recognition or notice.

Medical science has made enormous progress in the last century, and its application—even though far below maximum potentialities—has saved countless lives and reduced untold suffering. Yet an analysis of the widespread waste in arrangements for medical care in this country can point up basic deficiencies and suggest needed reforms.

The goal of medical service is, of course, to save lives not to save money. Concern over fiscal extravagance should not obscure the ultimate criterion by which a health service should be judged—namely, its effectiveness in extending human life and well-being. But costs are important, because the total resources which any society—even one, like ours, which produces an ample surplus beyond subsistence—can devote to meeting health needs is limited. Resources wasted in one place cannot be used in another.

Health service is a social institution with wide ramifications; it involves not only medical care, but also diet, housing, rest, and our whole mode of life, all of which are subject to vast social improvement. Here we will confine attention to the strictly medical sphere, though even this covers a wide front. Only the highlights can be touched on: (1) unmet needs for medical care, (2) private medical practice, (3) hospitalization, (4) drugs and appliances, (5) nursing, dental care, and other services. Next, a glimpse will be taken at some of the organized

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

health programs developed to help meet the needs, and the problems confronted within these ameliorative efforts. Finally, we shall examine some of the lessons of our analysis, with a view to discovering the design for a more rational health service system.

Unmet Needs for Medical Care

If all of the population's needs for medical care were being fully met, waste would not be the serious problem it is. Only money would be involved, not lives. But the tragic fact is that enormous health needs go unmet, while hundreds of millions of dollars are squandered.

One of the clichés of the private medical profession, in its opposition to social improvements in health care, has for years been that "American medicine is the best in the world." At its best, there is no doubt that medical care in this country is highly developed, but the simple truth is that only a minority of people have access to this "best" level of service. The inequities and the failures to realize the potentialities of science can be demonstrated in a hundred ways.

Death rates, for example, have throughout history been highest among the poor. With all the advances in medical science, this still remains true. Lower income groups die at higher rates than upper income groups. The differentials are greatest among the young, and they are most striking for the infectious diseases (like tuberculosis and pneumonia)—the very illnesses that can be most readily prevented or treated. Of course, many environmental factors contribute to life and death beyond medical care, but the greater occurrence of fatal disease under squalorous conditions simply heightens the need for medical care among the poor.

Study after study has shown a higher frequency of disabling illness in the lower income groups. This is particularly true of chronic ailments. Most forms of cancer, arthritis, asthma, respiratory infection, disorders of the genital organs, and skin diseases are more prevalent among the poor. Even heart disease, commonly regarded as the affliction of bankers and executives, occurs at higher rates among persons of lower income. Accidents of all types are more frequent among the poor, not to mention industrial injuries and occupational diseases.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Yet, with their higher rates of illness and death, the lower income groups receive less medical care in the United States than the well-to-do. The bromide about "the rich and the poor getting good medical care, while the middle class suffers most" is just half true. The rich may get it, but all the social welfare programs have not yet provided equality of health service for the poor. The adjustment to need has been greatest in the hospitalization sector—that is, the last resort for serious illness, after prevention of health care at home has failed. But for physician's services, diagnostic tests, prescribed drugs, and especially dental care, the disparity between need and service is extreme: the volume of care received depends directly on the amount of dollars available, not the amount of disease.

It is not only the volume but also the type of medical care which depends on family income. Hospitals in America, of course, have long been organized on class lines, with private rooms for the affluent and wards for the poor. (In most of Europe, including the Soviet Union, private rooms are asssigned to patients on the basis of their medical need, not their bank account.) With respect to physician's services, the general practitioner is more often the healer of the poor, while the specialist tends the rich. Among drugs, prescribed items are more often for the rich, patented remedies for the poor. The statistics are not black and white, of course, and the disparities are not so great as they were 30 years ago, but the same essential relationships remain.

The attitudes of the medical and allied professions toward patients, and even the therapies prescribed, also follow class lines. The worker under physical or mental stress is advised to "lay off work" for a few days, while the executive gets "doctor's orders" for a Caribbean cruise. The convalescent housewife of humble means is expected to tackle her chores in some way, while milady is waited on hand and foot by the maid. Even the diagnostic labels attached to the illness may depend on social level, as Hollingshead and Redlich show in their important study, *Social Class and Mental Illness.*

The overall services of our current national supply of physicians, dentists, nurses, technicians and other health personnel are heavily concentrated on that sector of the population

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which has the most money to spend. That means fewer doctors and health workers of all sorts in rural areas where buying power is less; far fewer health services for Negroes and other depressed groups; far less service than is needed by aged persons whose financial resources have declined. The mental hospitals, financed by pinch-penny state governments, are woefully short of staff, while private psychiatric sanatoria give plush service to their handful of wealthy patients. Nursing homes, with tens of thousands of aged and chronically ill patients, give dull substandard care for want of adequate financing. Hundreds of counties are without a single pediatrician. Hundreds of general hospitals are without an interne.

The costs of educating a modern physician are so high that medical schools are in dire financial straits. Hospital costs spiral upward, while hospital employees work at subsistence wages and, at long last and in desperation, have begun to join unions. Rehabilitation centers go begging for patients who need their services but cannot afford the $30-per-day costs.

It is against this setting of unmet needs for medical care that the wastes in American medicine must be seen. It is in this complex of inequities, of nonrealization of scientific potentials, that the squandering of health dollars must be viewed.

Private Medical Practice

The most elementary and pervading source of waste in American medicine is the pattern of private practice which dominates the provision of the physician's skills. Holding forth in a solo office and selling his services on a fee basis, a fee for each service, the American physician, economically speaking, differs little from the pre-industrial cobbler who fashioned his shoes over a lonely bench. The analogy, of course, will evoke quick objections that human patients are not like shoes, and medicine is not cobbling. But in its organizational aspect, and in the light of what has actually been achieved through rational organization of health service in great medical centers, it remains accurate.

Scientifically, the solo practice of medicine is an anachronism. Medicine is a highly complex applied science, learned by the student in a medical school center which is the height of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

systematic organization—with departments and divisions, specialists, technicians, administrators, a network of skills and equipment adjusted to the requirements of the science. Then after additional years of training in a hospital—another complex structure—he starts out his effort to apply all this to sick people in an isolated private office, perhaps with an office clerk, often without. Since he is a young man, not yet known, it may be years before his shingle attracts enough patients to keep him fully occupied—a fantastic waste of expensively acquired skills.

The cost of establishing a private office is high—equipment, furniture, and alterations costing between $5000 and $25,000 as a starter, depending on the specialty. This has to be earned back from patients. Overhead expenses in the average doctor's practice are estimated at about 40 percent of the gross income. Small wonder it is so high, when each doctor has his own waiting room, his own equipment, his own secretary, and so on. The duplication of facilities in private doctors' offices in the same city, or even the same building, involves extravagance that would never be tolerated in other fields.

Pooling of physicians and their supportive personnel and facilities through group medical clinics can yield enormous savings—which could be passed on to patients in the form of lower fees. There are, indeed, a number of such clinics, but in a competitive market in which the price level is set by solo practitioners, the savings are seldom passed on. Instead, the net incomes of doctors in group practice are simply higher. Another advantage of group practice is the possibility of full use of the young doctor's skills right off the bat. Space does not permit a review of the hundred and one ways by which the organized medical profession (read: "private solo practitioners") has opposed group medical practice so that fewer than 10 percent of United States physicians are in it.

Private solo practice means competition among practitioners. But in health service, competition doesn't take the usual form of consumers comparing prices and quality, and then making a choice. One doesn't ask a doctor his price, look him over, and go to the next one if the deal doesn't seem right.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(How is the patient to judge quality, anyway?) Instead, medical care in the American scene involves the great waste of what is called "shopping around." A patient, especially with chronic illness, goes to one doctor, gets examined and treated. Then, if not satisfied (which is common in chronic illness), he goes to another. Here the whole process is carried out again and, more often than not the same treatment is given, although the pills may now be colored pink instead of white. Both times fees are paid, and even if they are paid by an insurance plan the result is a social waste.

Wasteful repetitions of diagnostic work-ups are a result not only of shopping around by patients. Even direct referrals of patients from one physician to another usually lead to repetitions of expensive tests simply because, being unassociated with each other, there is a certain distrust of the other fellow's findings. Of course, an elaborate tradition of medical ethics and etiquette has spared medicine the more cut-throat aspects of competition found in some other trades. But the other side of this picture is the difficulty the patient has in ever getting an objective evaluation of another doctor's work—a serious problem faced by any patient who has been a victim of malpractice and tries to prove it.

Then there is the whole fee system. Its economic foundations combine principles of supply-and-demand, "trade association" price-fixing, and charging what the traffic will bear. The least important determinant of the fee is the cost of production of the service, even taking fully into account the great expense of "producing" a skilled doctor. In many, if not most, cases, the setting of the fee is a highly subjective affair in which the doctor—like the artisan in a Middle East public market—makes a judgment of what he believes the patient or his family can *afford* to pay for the service involved.

This discriminatory pricing system is usually defended as the "sliding scale of fees," by which the physician is enabled to serve the poor by charging extra to the rich. In reality, the full range of income levels rarely slides through the scale of any one doctor's practice; rather, one physician gets predominantly low- or middle-income patients, while another caters mainly to the carriage trade. The result is a wide disparity in physicians'

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

incomes, but little lightening of the fee burden on families of modest means.

Within the medical and surgical specialties, there are enormous variations in the conventional fixing of fees, bearing only the slightest relation to the competence involved. Surgery, in particular, has a dramatic life-or-death quality which commands very high fees, while the skill and judgment required may be less than that of the family doctor who made the diagnosis. To correct this evil of the fee system, a second evil has arisen: fee-splitting. Under this widespread practice—which medical societies all go through the motions of condemning—the surgeon kicks back to the family doctor or general practitioner a percentage of the fee received from the patient. The trouble is that not all surgeons will do this, with the result that the one who does is more likely to get cases referred, whether or not he is the best man. In the end, the patient pays a higher surgical fee or gets poorer service than possible, or both.

A more socially acceptable way of correcting the intra-professional inequities of the fee system is to call upon the family doctor to "assist" at the surgical operation. For this service he gets $25 or $50 in addition to what the surgeon gets, and since it's all open and aboveboard no one gets indignant about fee-splitting. This surgical assistance, however, could usually be given as well or better by an intern or resident phsyician at no cost to the patient.

The spread of voluntary health insurance and governmental programs of medical care has not appreciably altered the fee system, and in many ways has fortified it: the insurance or public fund simply pays the fee for each service, instead of the patient. These third-party payment programs have, indeed, tended to standardize fees—cutting down the highest ones and raising the lowest. The standardization, however, has been at a relatively high level, so that the physician's income under *prepaid* fee-for-service is invariably higher than before. Furthermore, most of the insurance plans permit the doctor to charge extra, beyond the insured fee, to patients above the middle-income level (usually the threshold is $6000 a year). Despite all this, one of the seldom-mentioned reasons for medical opposition to insurance plans—especially when supervised by gov-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ernment or consumers*—is the open record of fees paid, which makes it difficult for the doctor to overlook some of them at income tax time.

The net effect of the fee-for-service system is to raise the cost of medical care to the people. Again and again it has been shown that when physicians are employed on salaries—even very high ones—more services are received for the money. The United Mine Workers of America Welfare Fund has constructed a network of its own hospitals, in which medical and surgical specialists are engaged on full-time salary. A young physician, fresh from his training, can start out at a salary of about $15,000 a year, soon go up to $25,000, and in due course earn $30,000 to $35,000. This is net income, with no expenses to be paid from it. Despite these elegant salaries the UMWA Fund has shown that services its doctors actually provide, if paid for on a conventional fee-for-service basis, would cost 50 to 100 percent more.

Worse perhaps than the whole financial extravagance of the fee system is the type of incentive it holds out to the doctor. The story of ancient Chinese medicine—the doctor being paid only while the patient was well, not when he fell sick—may be apocryphal but it highlights, by contrast, the consequences of the fee system. The attraction of a surgical or hospital fee is bound to affect medical judgment, even if a physician tries hard to be honest. The higher rate of elective surgical operations under fee-for-service, compared with salaried medical practice, has been demonstrated again and again.

The whole moral pressure of the fee system is deleterious. Not only may it induce unnecessary surgery and other medical acts, but it often discourages referral of patients by one doctor to another better qualified in a special problem; for the referral means not only the loss of the fee but possibly the permanent transfer of the patient to the other doctor. As in other commercial affairs, it gets to be a sign of prestige and a hallmark of "quality" to charge high fees, quite aside from the complex-

* The Blue Shield plans, largest in the United States, are run by the doctors themselves. Plans operated by commercial insurance companies simply indemnify for medical bills and exercise no control over fees whatever.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ity of the case. The November 9, 1959, issue of *Medical Economics* (a trade journal sent to every practicing physician in the United States) has the temerity to publish an article entitled "The Highest Fee I've Ever Charged," reporting stories from 220 doctors willing to respond to this question.

High fees are sometimes defended by physicians as a compensation for their great investment in an education. It is true that medical school tuitions are high, but the fact is that three fourths of the cost of medical education have to be met by public, charitable, and other community funds—small justification for fees to the private physicians. These fees are also often defended as necessary to provide incentives to good work. The surprise is that doctors, being members of a learned profession supposedly motivated only by altruism, are not ashamed to use such an argument. It is a sign, perhaps, of the corrupting influence of the fee system that this defense of it can be offered so blithely and so often. The fact is that the very best medical service in the country, not to mention all the research and professional education, is done in the great medical centers where physicians usually work on a salary. But the high costs of medical education, even if they had to be met wholly out of the physician's own income (which is not the case) would provide no justification for high fees—or for any kind of fees. Fully adequate incomes can be, and in fact are being, provided through the salary system, as the experience of many consumer-sponsored prepayment health plans amply proves.

The Voluntary Hospital System

Waste in other sectors of the health service system takes different forms. In the provision of hospital service, the problem starts with the construction of the building.

In the United States, general hospitals—as distinguished from special ones for mental disease or tuberculosis—are built mainly by local, voluntary groups of citizens, rather than by units of government. Until recent years, there was no systematic planning of hospital construction at all, so that some localities were extremely deficient in beds, while others had more than they could use. The federal Hospital Construction Act of 1947 introduced some planning into the field, but its effect is felt only in the case of hospitals receiving federal construction sub-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sidy—about one fourth of the total. In general, the hospital bed supply in an area corresponds to the per capita income and not at all to the illness need.

The task of raising money for hospital construction purposes has become so common and recurrent that a special commercial field has developed for "hospital fund-raising counsellors." The usual routine nowadays is to engage one of the twenty or thirty firms in this field to make a "survey" of the fund-giving potential of the community and then to have the firm supervise the campaign. In prosperous years like those since 1945, the drive usually goes over the top, but whether it does or not the "counselling" firm gets its 10 or 20 percent commission. This is a hidden cost of medical care which could be readily corrected by financing the construction of hospitals in the same way as schools or other public buildings are financed.

The big donors to hospital fund drives are bound to have an influence on how the hospital is built, which may or may not correspond with objective social need. Often these wealthy philanthropists become key members of the hospital's board of directors, which helps to explain the basically conservative policy of these boards on most medical-social problems. For two recent examples, consider the negative position taken by hospital boards on unionization of nonprofessional hospital workers or on the Forand Bill providing that hospital costs of aged persons should be paid from the federal social security fund.

The very autonomy of voluntary hospitals—each a little empire to itself—leads to much waste. Many are too small to operate efficiently, or else they can operate only by giving substandard services. In a single city, several hospitals may buy and operate expensive equipment—like the cobalt X-ray bomb—which none of them uses to full capacity; yet competition fosters this waste. Purchasing of supplies is done separately, so that the economies of mass buying are lost. In cities, several hospitals will offer "admitting privileges" to the same doctor—which is flattering to him and seems to increase his chances of finding a bed when he wants to admit a patient. In fact, it is extremely wasteful of the doctor's time and energy, since he must spend time daily travelling from hospital to hospital, and isn't able to work effectively in any one of them.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

To correct some of the wastes of this type, there has been much talk in recent years about regional coordination of hospitals. In fact, however, little has been done, and well over 90 percent of general hospitals operate as quite independent units.

Aside from these extravagances, hospital costs are high in the United States for still other reasons. The very multiplicity of schemes of financing hospital care—private patients, insurance plans, government agencies, endowments, etc.—requires a large business-office staff. Many hospitals have to maintain also a credit and collection office—something unknown in other countries where hospitals are financed as public institutions.

The payment of substandard wages for kitchen and maintenance workers, nurse's aides and orderlies, and even for registered nurses and technicians has made hospital employment in this country relatively unattractive. It has one of the highest turnover rates of any industry. As a result, there is wasteful inefficiency due to the continuous need for training new staff, as well as the cost, especially in large hospitals, of maintaining elaborate "personnel departments." Hospitals in Europe have unionized employees (who take much greater pride in their jobs), low turnover, and along with this a much smaller administrative staff.

Another fundamental reason for the elaborate staffing of the average American hospital (about 65 percent higher, per 100 beds, than hospitals in Sweden, for example) is the whole pattern of private attending physicians. When almost every patient has a different attending physician who visits the bedside for 15 or 20 minutes a day, the nurse has to keep elaborate notes to inform the doctor of the patient's condition during the other 23 hours and 40 minutes. The pharmacy has to keep an enormous range of drugs in stock to satisfy the wishes of each doctor. (Standardized drug formularies in hospitals have met great resistance from the medical staffs.) By contrast, the full-time salaried medical staff in the European hospital requires a much smaller corps of nurses, technicians, and clerks, and a much smaller selection of drugs.

Finally, other wastes in hospital expenditure are due to deficiencies outside the hospital's walls. Much hospitalization, especially for chronic illness, is due to poor home conditions;

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the solution is not bigger hospitals but better housing and organized home-care. Many hospital beds are occupied by patients getting diagnostic work-ups, which could be done less expensively and just as well outside, if only there were proper diagnostic facilities accessible. Some wasted hospital days are due to bottlenecks in certain departments—for example, X-ray, laboratory, or physiotherapy—due to shortages of personnel. The solution is greater investment in training these needed health workers.

Drugs and Appliances

It is against the backdrop of all these wastes in the provision of physicians' and hospital services that the recent revelations of drug profiteering in the United States must be viewed. Exploitation of illness for profit is not a monopoly of the pill-producers, though it is clear that in these high-powered industries it has been developed to a fine art.

Not many years ago, the big scandal in the drug field was the enormous sale of patent medicines, ranging from worthless to positively harmful. When Kallet and Schlink wrote *100,000,000 Guinea Pigs* in 1935, more nostrums were sold across the counter to the gullible consumer than were prescribed by physicians. There were the generations of women who wasted their dollars on Lydia E. Pinkham's Vegetable Compound, the poor devils who tried to treat cancer, tuberculosis, syphilis, rheumatism and whatnot with packaged pills, down to the office girls hoping for more pep and clearer complexions from vitamin pills. This quackery still continues—mainly because the food and drug control legislation of 1906 and 1939 doesn't touch the advertising, and the controls in that field are disgracefully weak. For millions, the patented pill is still the first recourse in illness; and while the pill nowadays seldom does any harm, it rarely treats more than superficial symptoms and so delays the application of the proper therapy.

But the bigger problem today, as the Kefauver hearings have brought out, is in the so-called "ethical" drug field—that is, the drugs advertised only to physicians and available only on medical prescription. The waste here must be measured in hundreds of millions of dollars, paid for ultimately by sick people.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In response to the revelations of fantastic differences between the cost of production of certain important drugs (like cortisone for arthritis) and the price charged by the manufacturers to the corner druggist (whose price to the customer, of course, is about another 40 percent higher), pharmaceutical spokesmen make certain replies. They say that account must be taken of two factors which, they claim, the Senate investigators ignored: the costs of research and the costs of promotion of the drug to the medical profession. A word on each of these points.

Research for improved drug therapy is, of course, desirable, but there is real doubt whether private, competing drug firms are the best places for it. Their interest is maximum sales, for the smallest investment, an end which can be achieved more easily by putting new twists in established drugs than through basic new explorations. The great bulk of drug industry research goes toward fashioning these minor improvements—and many of the innovations are not improvements at all—rather than toward basic and original advances, which are left to the universities and government research laboratories. Even so, the total expenditure of the industry for research, by the testimony of the President of the Pharmaceutical Manufacturers Association, is only one dollar in nine of income. Thus a differential between selling-price and cost-of-production of the order of magnitude of 1800 percent (!), such as the Kefauver hearings exposed, would be reduced—had there been no research —to about 1600 percent. It's still too high.

Much the larger explanation of the prices charged for drugs is the cost of promotion. The drug advertisements daily crossing the average physician's desk involve a giant waste not only of paper and postage, but of great staffs of "idea-men" and copywriters. The drug industry has its own Madison Avenue, with high-priced physicians on the payroll as well. More lavishly wasteful are the detail-men, thousands of drug hucksters, visiting doctors one by one to "explain" their company's products. The costs of all this promotion can hardly find the defense offered for research investment. Its only defense is the glory of nonprice competition. In the end, the patient is paying heavily for his doctor's choice of one particular drug out of a field of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

perhaps a dozen that would have the same pharmacological action.

There is no question about the great value of certain drugs. Insulin, penicillin, anti-histamines, cortisone, iso-niazid, can do enormous good in specific diseases. But it is equally true that the American people have become plagued with a fantastic overuse of drugs for the symptomatic treatment of problems that should be met in other ways. Barbiturates, vitamins, aspirin-compounds, amphetamines ("benzedrine"), tranquilizers, are consumed by the carload to help people cope with the stresses and strains of a particular social environment. The root causes of all this are left untouched. Small wonder that in 1958 the national expenditure for drugs actually rose so high that it came to exceed the amount spent on all physicians' services.

In the field of medical appliances, the waste is not so great as in drugs, but it is there. The worst situation concerns eyeglasses, the frames of which are controlled by patents held by a few large concerns. As a result, the price of spectacles to the retailer is far higher than their cost of production warrants. It was stretched higher for many years by a widespread practice of kick-backs, whereby the optical company rebated to the prescribing doctor half the price paid for the eyeglasses by the patients; this was, hopefully, stopped by United States Justice Department action in 1946.

These slick causes of waste in the sale of optical appliances are probably less important than the basic pattern of eye care, by which high-priced medical ophthalmologists do refractive work which could be done as well or better by optometrists. The latter are professional personnel trained especially in visual refraction—that is, the correction of visual defects through eyeglasses. They are also trained to detect disorders of the eye requiring referral to a doctor of medicine, but many patients are naturally apprehensive and prefer seeing the overall expert at the outset. Nine times out of ten, the problem is purely refractive, but the patient ends up paying limousine prices where a bus ride would do as well. All this waste could be eliminated by a rational organization of eye services through clinics in which every patient would be screened by a skilled opthalmologist, to rule out serious eye disease, and then referred to an

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

optometrist for any necessary refraction. But this would take social planning.

Other Health Services

No facet of health service is without its waste if the American medical scene is examined objectively. Even nursing has its extravagance. Why, one may ask, should any patient or family have to pay for "private-duty" nurses around-the-clock, during hospitalization? In most countries, and in some hospitals here, this has been made unnecessary through provision of special nurses by the hospital for acutely ill patients, as needed. At any one time, of course, only a small percentage of hospital patients are really in need of such intensive service, so that a flexible team of regular hospital nurses can readily meet this need. Moreover they can usually do it better, with less unproductive "sitting-around" time, than the private nurse brought into the hospital for just one patient. Such organization of specialized nursing care would not only spread the costs over the community (instead of walloping a few acutely ill patients) but would reduce costs as a whole.

A greater waste, however, concerns the non-use rather than the use of nursing services. There are a vast number of medical acts done each day by physicians, at relatively high prices, which could be done as well and much more economically by nurses. Many home-calls by physicians to the chronically ill are for such simple tasks as giving injections, changing dressings, or checking up on the patient's progress. Only a handful of doctors make use of the public health nurses and visiting nurses available for this very type of function—and, indeed, other functions in home-nursing which go beyond the scope of the doctor's bedside visit. Then there is the whole question of organized "home-care" programs, mentioned earlier. The extension of these, as well as "home-maker services" for the chronically ill, could greatly reduce expenditures for costly institutional care. Only social organization is missing.

Dental service is full of waste. In no health field are there more serious shortages of personnel; yet the highly-trained American dentist spends most of his expensive time in drilling and cleaning teeth—tasks which much less elaborately trained personnel could do well, under direction. New Zealand has

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

trained a category of "dental nurses" who do a full range of technical services on children with excellent results, but American dentists have staunchly opposed the idea. They fear the downgrading of their professional status, failing to see that their tasks as diagnosticians and supervisors would imply an even higher role. The system could work, however, only with a high degree of organization. The private, solo dental office, with a fee for each service, would have to yield to organized dental clinics, with personnel in a salaried hierarchy, and this is what is feared. Without it, however, waste continues, and Americans are the losers both in their dental health and in their pocketbooks.

Even within current dental practice, archaic patterns persist. Most dentists still have only single chairs in their offices and only a single dental aide or hygienist to help them. Yet the productivity of the average dentist could be greatly enhanced, even given his present scope of work, by multiple chairs and two or three aides per dentist. The dentist's income might be reduced, but the public could get more service for its money.

Rackets have affected dental care too. In the larger cities, companies manufacturing dentures (false teeth) have been in back of well-advertised clinics, where supposedly cut-rate prices are charged. Low-income people, with mouths woefully neglected, come in to have all their teeth extracted—the good ones with the decayed—and full upper and lower dentures fitted. The cost is indeed, probably lower, but the quality of the service is miserable. Moreover, even the cost of the false teeth is inflated by monopolistic pricing, similar to that for eyeglass frames.

Physical therapy is still another medical field with wasteful patterns. It was long ago demonstrated that the most efficient arrangement for providing the services of physiotherapists is in an institution where all the modalities can be effectively organized—heat of different sorts, exercise of many kinds, water therapy, etc. Yet independent physiotherapists still continue in private solo practice, getting patients either on referral from physicians or off the street, and charging fees for gadget-therapy day after day, week after week. Rehabilitation centers, or even effective physical-medicine departments in hospitals, are few

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and far-between; yet their extended organization would make possible a far more effective and economical provision of proper physical therapy.

Many patients with musculo-skeletal ailments, and often with other diseases, turn in despair to chiropractors or other cultists.* Sometimes they go to these sectarian practitioners in the first place. These healers of dubious integrity will attempt to cure anything with manipulations of the spinal column, and they rake in tens of millions of wasted dollars each year. It is true that they may be filling a psychological deficiency in regular medicine—as do the Christian Scientists—but their service is still usually worthless and sometimes harmful, despite occasional cases of miraculous cure. This whole phenomenon of cultist healing is almost unknown in Europe—except during the Nazi period in Germany—and is a real consequence of free enterprise in medicine. It is a waste that would have no place in a rational system of medical care.

Medical Care Programs and their Distortions

To correct some of the worst consequences of our *laissez-faire* pattern of medicine in America a great variety of organized health programs have been launched. Agencies of federal, state, and local government have developed an increasing scope of public health services for prevention of disease. Medical care for recipients of public assistance—albeit constituting only about 2 or 3 percent of the population—is financed by welfare departments. Military personnel and veterans are entitled to first-class medical care, and recently the dependents of servicemen have been extended similar benefits. Certain diseases like tuberculosis and venereal disease, as well as mental disorder, have been clothed with a "public interest" and treated through governmental facilities—often inadequate but nevertheless socially financed. A long struggle, legal and political, resulted in work-

* Such as naturopaths and various "drugless healers." Osteopaths, however, can no longer properly be considered as cultists, since their training and scope of work have evolved to a point where it is almost comparable with scientific medicine.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

men's compensation laws in all the states, providing a minimum of medical care for industrial injuries.

Voluntary groups have organized a diversity of insurance plans to spread the costs of medical care. The oldest of these were in mining and railroad operations, where wage deductions guaranteed a salary for a doctor—and hence his availability in isolated localities. In recent years, labor unions have won fringe benefits, including health insurance, and have operated a growing number of health-and-welfare funds for their members. Some of these, like that of the United Mine Workers of America, have built their own hospitals; many have launched their own "labor health centers" for ambulatory care to workers (and sometimes their dependents) in the larger cities. Blue Cross plans for hospitalization insurance were launched by the hospitals, and Blue Shield plans for physicians' services (in hospitalized illness) were launched by the medical societies. Commercial insurance companies got on the health bandwagon and sold all kinds of policies to indemnify for medical costs. Even though many of these programs were motivated largely by the fear of governmental health insurance, there is no doubt that they have improved the situation for millions of people.

The technical provision of health services has also been improved in many ways. Hospitals have expanded the scope of their services and greatly extended their clientele. There are specialized clinics conducted by governmental and voluntary agencies for heart disease, cancer, mental illness, crippling conditions, dental disease, and other disorders, requiring a special combination of skills. Research has flowered under greatly increased support from government and philanthropic foundations.

Yet, in spite of all these positive responses to health problems, the needs of millions are not met. Those in greatest health need—the poor, the aged, the country-dwellers, the Negroes, the mentally ill—get the meagerest amount and the poorest quality of services. There are critical shortages of personnel, of hospital beds, of public health services, of rehabilitation facil-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ities. The allotment of resources follows not only the dollar sign, but also emotional pressures that may bear only the crudest relation to needs. The very piecemeal character of these efforts has created serious problems of administrative coordination. A wide variety of wastes and even corruption, moreover, have crept into our efforts at medical reform.

Take the whole field of voluntary health insurance. Surely it is a step forward, but the costs of being "voluntary" are high. The many non-profit plans (Blue Cross, Blue Shield, etc.) have the never-ending task of promotion and sales, so that their administrative costs in the country as a whole run between 6 and 15 percent, averaging about 10 percent of revenues. This is a new cost to be borne by patients, not returned to them in medical services. In the commercial plans of indemnity insurance for hospital and medical care, the overhead is higher. Policies sold on a group basis (especially for industrial workers) have been subject to a good deal of competition, so that administration and profits now consume, on the average, about 15 percent of the premium dollar. For the millions of holders of individual "health and accident" policies, the excess cost of insurance protection (for administration and profits) averages about 40 percent of the premium dollar.

These overhead expenses of insurance, even of the non-profit variety, are to be compared with corresponding expenses in a governmental insurance program. Several Canadian provinces, for example, have had universal hospitalization insurance for years, offering, indeed, wider benefits than any non-profit or commercial plan in the United States. The administrative expenses of these programs run between 3 and 4 percent. Moreover, their wide impact on the whole population, as well as on the hospitals, enables them to exercise much more judicious control over how the people's money is spent.

Another health insurance problem arises from the effect of selective protection against the costs of hospitalized, as distinguished from non-hospitalized, illness. A patient needing gastro-intestinal x-ray study, for example, knows that if the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

examinations are made when he is a hospital patient, the cost is covered by the insurance plan, while if done outside, he must pay the bill personally. Naturally he will prefer to take to a hospital bed for this service, which does not at all require hospitalization, and his doctor is bound to be cooperative (if only because it leaves more money in the bank account to pay the doctor bill). The net effect of this abuse of hospital insurance, however, is to raise community costs. The solution is obviously to extend insurance coverage to non-hospitalized services as well.

This more or less inevitable form of chiseling is probably small compared to the influence of indemnity-insurance for medical costs on the fees charged by doctors. It works like this: a person has commercial insurance for surgery which pays, for example, *up to* $150 for a hernia operation. The operation is performed and the patient asks the doctor to fill out the insurance forms certifying to it. Recognizing his entitlement from the insurance company, the surgeon says, in effect, "I see that the company will pay me up to $150 for this difficult operation, but my regular fee is $200. The balance due, therefore, is $50." Since the patient feels he is getting a $200 operation for only $50, he usually pays without complaint. He seldom suspects that for the very same operation, without insurance coverage, he might have been charged not $200, nor $150, but $100. The effect of the insurance, therefore, has been to lighten the short-term burden for the individual patient and greatly increase the cost of medical care to the community.

This example is not speculative nor atypical. Precisely this form of abuse of indemnity by physicians has been demonstrated to be widespread, in studies made in California, New York, and elsewhere. It has produced pleas by medical leaders about not killing the (insurance) goose that lays the golden egg. But the problem lies less in the morality of private physicians than in the indemnity insurance system which virtually invites such practices. Its solution is simply a different form of medical care financing.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Other wastes occur in public or governmentally-supervised medical care programs. In programs of medical care for the needy, for instance, doctors are usually paid a fee for each service. It is not uncommon for welfare agencies to receive vouchers from physicians for 30 daily visits (when 3 would do) to a patient with rheumatism or 10 visits to a child with a mild case of chicken pox. Every welfare administrator is familiar with this form of abuse of the fee-for-service system under public programs. Workmen's compensation medical services are full of similar problems. This is quite aside from the performance of unnecessary surgery, for the attractions of the fee, or the charges for services never even performed. It is the adoption of the fee-system even by these public programs which is at fault.

Then there are the many instances of double-charges to innocent patients by the physician who simply ignores the operation of public programs. Government-financed laboratories, for example, do serological tests for syphilis without charge; they even provide the test-tube and mailing container, and often the postage stamp for shipping the specimen from the doctor's office to the laboratory. The physician has only to draw the blood specimen with a syringe (often done by an office nurse) and send it off. The laboratory report reaches him by mail a few days later. For this simple task, it is commonplace for the physician to charge $5 or $10—a fee gladly paid by the patient in the belief that the complex laboratory analysis had to be paid for. In effect, the patient has paid twice for this service, once as a taxpayer to provide the revenue for supporting the public health laboratory and a second time to the physician.

There are other manifestations of this form of waste. A recent one reaching national proportions concerned the Salk anti-polio vaccine, for which doctors charged fees ranging from $5 to $25 a shot. The vaccine cost them about 65 cents per cubic centimeter, the amount used in one injection and it was this low because of subsidy by the National Foundation for Infantile Paralysis and the federal government, out of dona-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tions or tax funds derived from the whole public. This is not to mention the blanket refusal of many county medical societies to sanction participation by their members in public clinics, where the injections would be given free or at a reasonable charge of $1 per shot. Still another long-vexatious issue concerns the charges made for administration of blood provided free by the Red Cross. Physicians and hospitals have so often charged high fees, implying that the blood itself was costly, that the Red Cross has had to make contracts with hospitals specifying that patients may be charged solely for the *administration* of the blood but not for the precious fluid itself.

Other wastes occur because programs of public health service lean over so far backwards to avoid antagonizing the private medical practitioners. Well-baby clinics, for example, supported by public health tax funds, customarily offer health advice and even diagnosis of illness but absolutely no treatment. This would be "competing" with private medicine. A mother whose baby has a cold, therefore, is told about toilet training and diet, and the baby may be given a diphtheria immunization, but for treatment of the cold she is sent to her "family doctor." Since it would involve very little effort to prescribe for the baby's illness, this type of free-enterprise referral means a real extravagance in time and money—and sometimes even in the baby's health. There are many other public health programs in the schools, in industry, out in rural villages, confined to case-finding and drawing a strict line against treatment. The citizen's tax dollar is simply not used to provide the medical care it could. In the side-by-side operation of private and public medicine in America, the balance of power rests with the private sector.

A Rational Health Service System

It has taken some pages to chronicle the wastes in American medicine, and yet the way to their elimination can be simply stated. It could be accomplished by establishing a rational system of health service as a public benefit, available to all, systematically planned and provided through properly salaried

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

teams of personnel working in a network of hospitals and health centers. Easier said, of course, than done.

Our course of health service development in America has been to nibble away at the problem, bit by bit, trying to correct this scandalous condition or that, instituting limited cautious reforms that do not rock the boat too much. Progress has been made without a doubt, but the costs of our slowness in doing what is plainly needed have not been counted. They are costs in wasted hundreds of millions of dollars, which this paper has reviewed a little, and still greater costs in the health and well-being and even lives of millions of people.

The United States is the last major country in the world in which health service remains mainly a private affair, a commodity to be bought and sold at a market price. Even Canada has now launched general hospital care essentially as a public benefit, and physicians' service will probably follow soon. European countries have taken different paths toward this goal since the 1880's, and in most of the rest of the world public medical care is accepted as an appropriate function of government for 90 percent or more of the population.

Not that compulsory health insurance in the style, for example, of Germany, France, or Sweden, solves all the problems. As a compromise with the past, these and many other countries have retained the fee system, with all its evils. The insurance simply pays the fees. The British National Health Services, on the other hand, has its hospital physicians on a salary, its general practitioners on capitation payments (so much per person per month, regardless of the volume of services), and its dentists on fee-for-service. British problems, indeed, grow from these multiple compromises, and their solution would require more socialization of the system, not less.

In the Soviet Union, the health service system has been organized on a rational basis and in one generation has brought the health level of a backward rural people up to that of the most advanced western countries. It is the model being followed in the national health planning not only of China, but

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of India, Indonesia, Egypt, Chile, and other countries. However one may evaluate other aspects of Soviet life, the health service system has won the admiration of almost all observers, European and American.

The formula for rationality in health service planning is simple enough: personnel and facilities should be at the service of the people and organized in a framework which corresponds with the complexities of science. This can only be achieved through a plan based on maximum cooperation. It means physicians and their co-workers organized into medical groups attached to health centers, with duties encompassing both prevention and treatment. It means hospitals linked together in regional networks under a centralized plan. It means nurses, dentists, physiotherapists, and others woven into the system as colleagues, not independent entrepreneurs. It means drugs produced for use and not for profit, prescribed freely as needed but not available as self-medication. It means research conducted by universities and scientific centers for the solution of major problems, not the marketing of "new" products. It means a constant focus on preventive medicine, woven into the fabric of the system and not appended as a marginal "public health" program. It means rehabilitation of patients back to their maximum role in society as a goal of the whole system.

Would all this mean socialism in medicine? The answer is yes, for it would be applying medicine exclusively for the social good. But it would not represent so sharp a departure from the current situation in the United States as it might seem. For the fact is that our whole pattern of medical service has been moving, albeit slowly bit by bit, in that direction for a hundred years. Taking the dollar-spent as the unit of measurement, we have actually reached a point where about 50 percent of national expenditures for health service are now spent through insurance, tax funds, or other collective means. But along the way, the enormous wastes reviewed in this paper are being tolerated.

Even allowing for all the waste, let no one think that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

America is spending *too much* for health care. As a percentage of our national income, it all comes to only about 4½ or 5 percent—much less than expenditures for liquor or tobacco-and-candy or fashionable clothing, and vastly less than for military purposes. But without the wastes, and with intelligent planning, this expenditure could achieve far more good.

The savings of a rational system of health service, of course, would be much more than money. The purpose of all medical care is the "physical, mental, and social well-being" of the whole population, in the words of the Constitution of the World Health Organization. But this lofty goal cannot be achieved under a polyglot system in which altruism is mixed at every step of the way with commercial and proprietary considerations. It can be approached, but not achieved.

Few are naive enough to expect a rational system of health care to be organized in the United States overnight. We are, indeed, making progress toward it, but many more years will be required. Free enterprise holds on tenaciously, despite its callous brutalities to individuals and its extravagance for both the individual and the nation as a whole. A consideration of some of this built-in waste may help to hasten the achievement of a system of health service, adapted to the potentialities of science and the needs of people.

It is harmless, as an FDA [U.S. Food and Drug Administration] study notes, to think that fish and celery are "brain foods" or that oysters increase fertility, "but when garlic pills are promoted for high blood pressure, or grapes for the treatment of ulcers and cancer, the price of ignorance may come high." Despite the high-pressure advertising on their behalf, maté, or Paraguayan tea, has no special healing properties; kelp is not a cure for stomach ailments or obesity; honey will not banish whooping cough; root beer does nothing for the nerves; baking soda will not cure colds; grape juice will not reduce weight; blueberry juice has no effect on diabetes; and olive oil will not prevent appendicitis.

—Frank Gibney, *The Operators,* p. 74

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A REAL DEMOCRACY

BY FIDEL CASTRO

The following is part of the speech delivered by the Cuban Prime Minister to a huge gathering of citizens in the Plaza Civica, Havana, on May Day, 1960.—The Editors

You who produce things, you who work, who sacrifice yourselves, who have been missing the pleasant things of life, you always were, are now, and will be tomorrow, members of the majority of the people.

And yet, you did not run things; you were the majority and others used to run things for you. You were managed, you were governed by others who not only did what you were supposed to do, but as a rule did it to the detriment of your interests. They ruled in your place and against you.

They invented a democracy for you, a strange, peculiar democracy in which you, who represented the majority, had nothing whatever to say about anything; in which you, peasant, and you, workman, you fellows who produce most of what is worth anything and who, combining your efforts with the white collar workers, produce all our wealth, all our income—you, who produced everything, did not even have the chance to learn how to read or write, often not even to sign your name.

They invented a very peculiar democracy for you who were the majority, and yet were practically non-existent as a political element of our society. They spoke to you about the rights and privileges of the citizen, and all those rights and privileges only meant that your child had to starve to death before the closed eyes of an indolent government, that your other child had to go through life without learning his ABC's, that you yourself had to sell your hard work for whatever they condescended to pay for it—if you were lucky enough to find someone who would buy it.

They spoke to you about rights that never existed as far as you were concerned. Your children were not sure of even the right to a country school, or the right to medical attention, or

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the right to a piece of bread; and you yourself were not sure of even the right to work!

They invented a democracy in which you, who represented the majority, did not mean anything. And thus, despite your tremendous strength, regardless of your colossal might, in spite of your sacrifice and your endless toil for others as a mere cog in our national life, you, who were the majority all the time, neither governed anything nor could even manage your own affairs!

And that is what they called democracy!

A democracy is that in which the majority runs things, where the majority means something, and the interests of that majority are protected; a democracy is that in which a man is assured of all his rights, not only the right to think freely but also the right to know how to think, the right to know how to write what he thinks, the right to know how to read what others think and say. Also the right to eat, to work, to become educated, and to mean something within your society. That is why this is real democracy, the democracy brought to you by the Cuban Revolution, by our Revolution.

A real democracy is this in which you, peasant, get the land we have been recovering for you, after wresting it from foreign hands! A true democracy is this, in which you, sugar cane plantation worker, receive nearly three million acres of planted land so that you will no longer have to live as an outcast! A true democracy is this in which you, workman, are assured of your right to work, and know that nobody can kick you out on the gutter to starve to death! A real democracy is this in which you, poor student, have just the same opportunity to get a university degree, if you are talented enough, as the son of any rich man. A true democracy is this in which you who are the son of a laborer or the son of a poor peasant or the son of any poor family, have a schoolteacher and a decent school to educate you. A real democracy is this in which you, old man, will not live in want when you no longer can earn enough for your own support! A true democracy is this in which Cuban Negroes have the right to work and do not have to be afraid of seeing anybody take it away from them because of stupid racial prejudices! A bona fide democracy is this in which you,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

woman, are recognized as an equal to all other citizens, and even have the right to take up arms to defend your country, next to your man! A pure democracy is this, in which the government transforms fortresses into schools and is trying to build a house for every family, so that every Cuban father will have a roof for his children!

An honest-to-goodness democracy is this in which whoever falls sick has a physician to treat him. A true democracy is this, which does not go around recruiting peasants to convert them into soldiers, who, after being thoroughly corrupted, are converted into enemies of the workman and of his own peasant brother, but which changes that peasant soldier, not into a protector of the privileged, of the heartless landlords, but into a defender of his brothers, the peasants and the workers of his country. A real democracy is this, your democracy, which does not divide the people and does not play brothers against brothers; the government of which discovers the strength of the people and combines its various elements, which makes the people stronger by uniting them, which hands a gun to the peasant, to the workman, to the student, and the women and the Negroes—hands a gun to the poor man and to whoever is willing to fight for a just cause.

A real democracy is this, our and your democracy, in which not only the majority's rights prevail, but in which loaded weapons are handed to that majority! That, my friends, can be done only by a really democratic government, ruled and managed by the majority.

This is the sort of thing that could never be done in any of those phony democracies.

I would like to know what would happen if a loaded rifle were delivered to each of those Negroes of the South in the United States, where so many of them have been lynched, abused, humiliated, and robbed for centuries!

What an oligarchy of despoilers, or a military caste of plunderers and tyrants can never do, what no minority government will ever dare to do is to hand a gun to each worker and to each student, to each young man and each poor citizen, to each one of those who make up the majority of the people!

Of course, that does not mean that the rights of the others

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

should not be considered. The rights of the other people are worth considering in the same measure as the interests of the majority, to the same extent that the rights of the majority are considered. However, the truth is that the rights and interests of the majority are the ones that should prevail over the rights and interests of the minority, and not vice versa.

And that real democracy, that pure, bona fide democracy, that true and honest democracy, is the kind of democracy we have in this country now, the kind of democracy we have had since January 1, 1959.

That democracy has asserted itself directly in the intimate union and identification of the government with the people, in this direct dealing, in this determination to do things and strive for the good of the great majority, in the interest of the great majority of the country. That direct type of democracy has been exercised here more purely, a thousand times more purely, than that false democracy, that phony democracy that resorts to sly methods, predicated on corruption and fraud, to distort and falsify the true will of the peoples.

And this democracy of ours has operated in that direct way because we are going through a revolutionary process; tomorrow it will be as the people say, as the people decide, as may be demanded by the needs of the people, by the aspirations, hopes, and desires of the people. Today we have here a direct interdependence between the people and the government. Some day, when this revolutionary process will have adanced far enough, when the people freely decide—and the revolutionary government will immediately interpret and obey the will of the people—that we should adopt new policies and procedures; once the most important tasks have been completed and the most fundamental goals of the Revolution—among which is, in the first place today, the defense of our Revolution and the defense of the country—have been reached, then the people and the government will adopt the procedure considered most fitting to the circumstances and characteristics of a Revolution already consolidated and victorious in every way, a procedure chosen by you and us, the people and the government!

No, nobody holds a public office for sport or personal gain; we are only fulfilling our duty, all of us; we are all willing

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and ready to sacrifice everything, to work until sheer exhaustion overcomes us; we are all intent on reaching a single goal, a single purpose, and that purpose is to serve our cause and to carry it to final victory!

Our enemies, our detractors and those who would like to see us fail, keep asking questions about general elections. Even a Latin American ruler has said just recently that the Organization of American States should not be accessible to any government which has not been the product of an electoral process, as if a real revolution like ours could ever have come into power without the people's support; as if a true revolution like ours could just take over the government without the consent of the people; as if the only democratic procedure to attain power were those often corrupted electoral processes devised to adulterate and falsify the will and the interests of the people, and to place in power the least qualified, the most incompetent, the most cunning and the grafter, instead of the most competent and best qualified, the ablest and most intelligent.

As if after so many fraudulent elections, as if after so many unscrupulous political deals and combines and so much corruption, it could be possible to make the people believe that the only way to profess democracy, to live democratically, is to stage one of those old-fashioned electoral farces; and that the undemocratic thing is, on the other hand, a process through which the people, not just using a pencil to mark a ballot, but shedding their blood and sacrificing the lives of twenty thousand victims, fighting practically unarmed against a professional army, perfectly well equipped and trained by a powerful foreign country, tore up the chains that enslaved them and wrecked the privileges, corrected the injustices, and eliminated abuse and crime forever in our country, starting a new era of democratic advancement, of liberty and fair play for all. The fact is that the process in which the incompetent, the cowards, and the weak are either thrown overboard or stay behind, scattered along the roadside, in which the scoundrels and the wicked have to fail, is precisely a revolutionary process. In a revolutionary process truth finds its way to light, and virtue and courage always win out in the long run, while greed, trickery,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and hypocrisy are discarded, because in a revolutionary movement, in a struggle for a just cause, men must, unlike in other endeavors, be firm and stalwart, must be really loyal to their principles and their ideals or be vanquished.

And we must bear in mind that our revolutionary process is not only its actual physical fighting stage, the real war; that was the rebellion stage, after which came the revolutionary stage. First came the war resulting from the rebellion of our people against a corrupt government; and now the revolution is in progress, a consequence of the creative spirit of our people.

That is why we were saying that a really democratic evolution is taking place in Cuba, in spite of what the enemies of our Revolution insist on writing and saying.

WORLD EVENTS

By Scott Nearing

During the two months since the last *World Events* article appeared in the June issue of MR, press and radio have carried reports of significant happenings in various parts of the planet. *World Events* aims to arrange these reports in a pattern that makes sense, evaluate their significance, and indicate their general direction.

Tragedies of Civilization

Human activities may be classed under several headings, such as production, accumulation, waste, destruction. The most haphazard and pointless of these activities is waste.

Boxed on page 22 of the *Wall Street Journal* for June 28, 1960, was a story headed: "Growers to Destroy 18% of California's Cling Peaches." This is the story:

California canners and growers agreed to destroy about 18 percent of the state's estimated 705,000-ton cling peach crop to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

prevent a market glut. . . . The previous high cling peach pack in California, one of the largest peach producting states, was 552,000 tons last year. Each year the state sets a limit on the amount of cling peaches which may be canned after receiving recommendations of canners and growers. The quota is designed to keep supply from exceeding demand and, in effect, prevents market prices from falling.

On our desk is a recent copy of *Science,* weekly house organ of the American Association for the Advancement of Science. Twenty-seven of the first 28 pages of the journal are given over entirely to advertisements.

Wholesale destruction of California peaches, the use of wood-pulp for printing repetitive, misleading ads, the manufacture and merchandizing of jim-cracks that people neither need nor want, military preparedness, and the destruction by war are all examples of the wastefulness of Western society. Side by side with these material wastes go the unemployment of technical skills and productive capacity, and the curtailment of happiness and well-being.

Our pathetic and shameful excuses for such anti-social procedures? "To prevent market prices from falling"; "to bolster profits"; "to preserve the American way of life"; "to safeguard Western civilization."

Restoration and Another War

The London *Economist* of February 20, 1960, put the key economic problem of the West in seven words: "to keep prices stable and avoid inflation." This the *Economist* has learned at the price of two general wars, the catastrophic depression of the thirties, and the world-wide clamor against the continuance of capitalist imperialism in its pre-1914 forms.

"To prevent prices from falling" (the policy of the California peach growers) and "to keep prices stable" (the *Economist*) mean, in effect, stabilizing the Western economy sufficiently so that there will be neither depression nor inflation, nor any disturbing change in the pattern of profit-seeking enterprise.

For two centuries such a stable economy has been the dream of Western businessmen and economists. During those

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

centuries, to a greater and greater extent, businessmen have had their own way in directing public policy. Certainly this was the case between 1815 and 1914. Yet, throughout the period, capitalist economy never achieved stability. It suffered from boom and bust on one side and from inflation and deflation on the other.

Four factors, all deeply embedded in the capitalist way of life, were responsible for the instability and insecurity which have plagued the capitalist economy from its earliest years. *First* and most insistent was the "more-more" pressure to expand the market for goods, services, and investment capital within particular countries and beyond their frontiers. *Second* was the bitter struggle between rival capitalists to capture and keep a hog's share of markets that were never extensive enough to absorb all the goods and investment funds that developing capitalism could produce. Beside a struggle for markets, this rivalry included diplomatic double-dealing, arms races, cold and hot wars which not only upset economic stability but bankrupted and ruined many national economies. The *third* disruptive factor was unrest and revolt among the colonial millions upon whose raw materials and low-paid labor power capitalism leaned so heavily. *Fourth* was the movement to replace a hit-or-miss competitive, acquisitive, planless, grab-and-keep economy by a scientifically designed and operated economic system based on cooperation, sharing, planning, and worker-manager administration of the socially owned means of production.

Each time the capitalist expansionists of one or another country have come within reach of peace and prosperity, one or more of these four disruptive forces have dashed their hopes by upsetting their badly designed, obsolete, rickety economic apparatus.

Four times, in living memory, capitalist peace and prosperity have been swallowed up by war, revolt, and adversity: in the war of 1914-1918; in the Great Depression of the 1930's; in the war of 1939-1945; in the colonial independence movements of the past fifteen years.

Each upset of capitalist imperialism has been followed by an effort to rehabilitate and restore. The most recent of these efforts, now in progress, is aimed to rebuild the war-gutted

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Western and Central European economies, bring the colonial peoples back to their appointed places in the scheme of things, and thus to end "the threat of Communism." The two prize exhibits of the effects of this policy are a re-industrialized and re-armed West Germany in Europe and a re-industrialized and re-arming Japan in Asia.

Protest, Resistance, and Revolt

Plotters and planners for another war that will end the threat of Communism and clear the way for capitalist rehabilitation and restoration have been meeting stern resistance during the past few weeks. The center of the movement seems to be shifting from Asia to Africa.

Until war's end in 1945 there were only four "independent" states in the whole of Africa. One of the four was Liberia, a vassal of the United States. Another was Egypt, for years British-dominated. Today African peoples are marching toward independence, national sovereignty, and membership in the United Nations.

Even in the Americas—in Venezuela, Panama, Bolivia, Brazil and especially in Cuba—while the governments may tolerate or grudgingly accept United States domination, protests and demonstrations erupt into the streets and the "Yankees Go Home" movement grows stronger and more insistent.

British popular protest against United States bases on British soil has been deep and strong. In Turkey, Pakistan, and Italy, all of which are hosts to Washington's military bases, there have been vigorous demonstrations. In Japan, public outcry directed against United States military occupation and the 1960 Treaty under which United States armed forces will continue indefinitely on Japanese soil, rose to such heights that the invitation to President Eisenhower to visit Japan had to be withdrawn, and the ministry which sponsored the treaty and the invitation was forced to resign. Syngman Rhee, pro-American dictator of South Korea, was driven from office by student-led and popularly-supported demonstrations. The pro-Western Menderes government of Turkey was driven from power by similar means.

Social Revolution

Change of governing personnel under pressure from demon-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

strating crowds disturbs the life of any stable community; but when the protest movements, having won power, proceed to abolish existing social and economic institutions and replace them with new patterns of organization and administration, protest has passed into the action stage of social revolution. In the summer of 1960, Cuban developments had reached the social revolutionary stage in the process of social transformation through which Cuba and the other parts of the world are passing.

Power seizures have occurred frequently in Cuba's recent history. When the Fidel Castro group drove out the Batista gang and took over the governmental machinery of Cuba in January, 1959, conservatives and reactionaries, inside and outside Cuba, had every reason to believe that when the dust of the civil conflict had settled, Cuban landowners and businessmen, hand-in-glove with foreign investors in Cuban real estate and other forms of profit-making, through the agency of their respective governments, would be in complete control of the situation. But the Castro group had other plans.

Castro's supporters had been drawn chiefly from the land workers of Cuba, with some backing from Cuban industrial and professional people. Cuban land workers wanted land, which was in the hands of Cuban and foreign landlords and businessmen. No sooner had the Castro group taken over the government, secured itself against counter-revolution, and worked out its plans, than it began taking over agricultural, industrial, and commercial enterprises. This transfer of important units of the Cuban economy from private into public property marked the Cuban development as revolutionary rather than reformist.

Readers who wish information about the current revolutionary changes in the Cuban scene must spend a few hours with the latest Monthly Review Press book, *Cuba: Anatomy of a Revolution,* by Leo Huberman and Paul Sweezy. Part III, "The Revolution in Power," which occupies more than half of the book, presents evidence in support of the contention that the Castro government is taking the steps necessary to give the movement which he is leading the stature of a social revolution. The recognition and support given to the Castro regime by the Soviet Union, People's China, and other socialist governments

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

are further evidence of the nature of this development in an island less than a hundred miles from the United States.

Socialist Construction

Today, even in the capitalist press and over the capitalist radio, it is taken for granted that socialist construction is so successful that industrialization in socialist countries is advancing with unexpected rapidity, that living conditions are improving, and that the planned economy of socialism can expand as well as survive.

Beginning in 1917 with a shattered economy that ranked close to the bottom in the scale of industrial production, the Soviet Union has advanced its industrial output until it ranks second among the nations. In 1960 the Soviet Union was carrying on trade with more than 70 countries and had trade agreements with 45 of them. Before the 1939-45 war, the Soviet Union was sixteenth among the nations in the volume of its foreign trade. By 1956 it had advanced to sixth place. These economic advances were accompanied by even more spectacular developments in science, education, public health, and social security.

Economic theorists assure us that only under private ownership can we expect initiative and enterprise. *U.S. News & World Report* (in its June 27, 1960, issue) ruefully admits that in the summer of 1960 Soviet initiative and enterprise scored another bull's eye, this time in Africa.

Delegates from twenty African countries met in Addis Ababa, Ethiopia, in mid-June to discuss problems associated with independence and "the new Africa." "Moscow was on the job again, this time with a trade fair, the first foreign one ever held in Addis Ababa," writes *U.S. News*. "In a shiny aluminum pavilion, about 100 Soviet salesmen promoted Soviet consumer goods—everything from TV sets to limousines. The Africans flocked in to see and hear. It was another propaganda bull's eye for Moscow."

Statistically, the United States is ahead of the Soviet Union in its capacity to turn out consumer goods. But in this strategic opportunity to reach Africa and Africans, it was the Soviet Union's public economy that was Johnny-on-the-spot.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Socialist construction has been carried on in the Soviet Union for four decades. Eastern European countries have had fifteen years to demonstrate the effectiveness of a socialist economy and society. People's China and other Asian nations have had little more than a decade of experience in building socialism. In all of these areas, cooperation is replacing competition, public ownership and operation of productive implements is replacing private enterprise, and advance in general welfare is taking the place of private profit as the major incentive to dedication, enthusiasm, and activity.

The Rising East Wind

After a long life spent in close contact with the world's economic and social problems, Lord John Boyd-Orr has taken a good look at People's China and put his observations into a book (Lord John Boyd-Orr and Peter Townsend, *What's Happening in China,* Doubleday, 1959). In their chapter on Chinese foreign trade, the authors point to a dramatic changeover in China's trading partners. In 1949, when the present Peking government was established, China was doing most of its trading with the West, while only one percent of Chinese foreign trade was carried on with the Soviet Union and Eastern Europe. A decade later America's trade with China had dropped to almost nothing, Britain's had declined to a trickle, but "nearly 80 percent of China's foreign trade, which has grown in volume to more than U.S. $4,200 million a year, is conducted with Russia and Eastern Europe."

This about-face in China's foreign trade, one of the many dramatic events of the past ten years, is a symbol of world change during this fateful decade of the rising East Wind.

A new social order is maturing in Eurasia and is attracting attention and winning adherence in Africa and Latin America. This new order insists on the use of social as well as natural science and is determined to give the promotion of the general welfare priority over personal greed, ambition, and self-seeking.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THINKERS, TREASURERS, AND THE COLD WAR

BY BARROWS DUNHAM

This is the preface to the new edition of Dunham's pamphlet which was recently reprinted with Epilogue and Explanatory Notes added. We run it here as a sample for those unfortunate readers who are not acquainted with his delightful, penetrating style.—The Editors

This little work, which now appears for a second time, was written in 1955, during a period when I was still entangled in the great congressional witch-hunt. The affair, once newsworthy (as the correspondents say), has long since passed from most memories other than mine. It was painful, but not damaging. Quite to the contrary, indeed, it found me a somewhat timid teacher and it left me a man.

It also had a lively effect upon my philosophizing. Certain insights, which I had fumbled for and had but vaguely grasped, now swarmed upon me with a sort of piercing clarity—for example, the influence of government upon philosophy, and the power of mere money to determine what shall be thought or said. But I was not prepared to discover how little our colleges and universities desire to be free. The love of inquiry, the passion for improvement, the placing of truth at the service of society—all these ideals, a mere primer of morality, they now scarcely even profess. Their hope is to escape criticism, and accordingly their practice is bland, soft, and noncommittal.

More deplorably still, there has occurred among intellectuals (scientists especially) a loss or weakening of that adorable attribute which we call *humaneness*. I suppose that when scientists find employment, as many of them now do, in multiplying and refining the means of destruction, they have to find some sort of "values" which will assist self-justification. Now, destruction of millions or billions of the earth's inhabitants, whatever one may call it, cannot be called humane. Consequently, some other value than humaneness must be sought as the justifying principle—national defense, for example,

---

Formerly Chairman of the Department of Philosophy at Temple University, Barrows Dunham was dismissed for declining to answer questions put to him by the House Committee on Un-American Activities. He was acquitted of contempt of Congress in October, 1955.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

or (to use the cant phrase now current) protection of "our way of life."

Once a scientist or any other intellectual begins to tamper with values, the relaxation of principle can go far indeed. I have before me an article by a professor at one of our leading universities, who has been studying the psychological effects of life in bomb-shelters. His conclusions are not very encouraging, but he adjusts to them in the following way:

> If the devastation of atomic warfare is as great as it can be, to come out of shelter may be to come out to a primitive world. . . . Man will probably find it necessary to return to the soil, to spend more of his time hunting, to turn his hand to fishing, he may forget about clocks and the evils of timetables, he may even establish a small colony and settle into a tranquillity known only to those who are self-sufficient. Is the prospect of such a life so terrible?

As you see, our professor doesn't think it "so terrible" that the whole of human progress should be wiped away and modern man reduced in a twinkling to the level of primitive man. Probably to the middle class this doesn't seem a very great fall, since capitalism, as Marx said, lies within man's "prehistory." Nevertheless, I do think it odd that any man not sequestered in an asylum for the insane should be able to think of a nuclear holocaust as productive of a new Eden and perhaps a new race. This sort of mad discourse has been common in America during the years of cold war. Evidently there are things other than reason which influence the sayings of scientists.

It has often happened. I remember, in the recent past, an eminent barrister, who had a reputation for liberalism and a wife named Gertrude. When liberalism began to be punished in the McCarthy days, he suddenly ceased being liberal. Asked why, he replied, "I have to dress Gertrude."*

* In this context, "to dress" means, of course, "to buy clothes for." I could have written it that way, but then I would have lost the flavor, which is rather slangy. Ordinarily, "to dress" means "to put clothes on." But if a husband talks about dressing his wife, he doesn't usually mean that he helps her to dress; he means that *he* buys the clothes which she puts on. Thus he emphasizes, a little maliciously perhaps, her economic dependence upon him. In fairness to contemporary bourgeois society (though I am not eager to be fair to it) one ought to point out that there are thousands of women (some of them wives) who dress themselves in both senses.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

I have seen such things occur off and on during my whole life, but never in such numbers as during the postwar period, when a sudden powerful attack from reactionaries drove so many intellectuals into recantation and mere tale-bearing. Indeed, for a time, the intelligentsia was stunned and terrified. And so it turned out that all that love of liberty, so loudly professed and so tediously verbalized, amounted in the end to a whining plea to be let alone.

Now, it seemed to me that events of this sort were by no means new in the world's history, that in fact they had been common enough in every age, that philosophers had always felt such pressures, and consequently that at least a part of what philosophers said and wrote could be explained by the policies of the government they lived under. Descartes and Locke, for example, were for a time exiles; Spinoza's life was threatened; and Kant was forbidden after 1790 to write any more upon religious subjects. These men had all written contrary to the dominant (because enforced) ideology. I thought it fair to assume that the philosophers not thus attacked (very minor figures they now seem) had devoted their efforts chiefly to making the dominant ideology appear rational and attractive.

I thereupon decided to simplify the expression of these concepts by describing the intellectual life in terms of two type-figures: the Thinker and the Treasurer. The Thinker's social function would normally be scientific and technological—that is to say, he would accurately describe the course of events, and he would refine the methods by which men control that course. The Treasurer's function is to administer the finances of his organization in such a way that the organization will survive and, if possible, flourish. There is no necessary conflict between these two figures, but a conflict inevitably begins whenever the Treasurer's financing requires that the Thinker distort the description of reality. Since the Treasurer has much political power and the Thinker hardly any, the Treasurer can force upon the Thinker the odious choice between rewards for telling lies and punishment for telling the truth.

As I thought these circumstances over, I became convinced that they hold pretty much for all human organizations, of whatever size, and that they set a problem which is likely to remain throughout human history. If I were to explain this problem in terms more general and more accurate than the double portrait of Thinker and Treasurer appears to permit, I would say that the problem is this:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

is it possible for social relations to be so organized that thinkers can, on behalf of truth, introduce corrections into an existing ideology without having to take any personal risks in doing so?

For myself, I have all along believed that this is possible; but my belief that it is so is, I think, somewhat hidden, so far as this pamphlet is concerned, by a certain bitterness and cynicism which derived from the pain of my personal experiences. Obviously the withering away of the state would produce exactly that harmony between Thinker and Treasurer which I have hoped for. But that happy time seems still rather remote. Meanwhile, isolated as I was within the web of bourgeois propaganda, I began to wonder how far the Russians had really been able to carry their socialist experiment toward that goal. Must socialism (I asked myself) repeat the old conflicts of Thinker and Treasurer?

All this was, of course, before I visited the Soviet Union in May of 1959. Until then, I did not know, nor could I imagine, the liveliness, the *élan,* the enormous creativity which in that country is everywhere displayed. It now seems to me that the citizens of the USSR are moving towards a state of society in which they will all be, collectively and individually, thinkers *and* treasurers; that is to say, they will all share in producing true descriptions of the universe and in managing their economy.

If and when they reach that happy state—if and when *we* reach that happy state (for why should we not?)—my little pamphlet will seem archaic indeed, a record of "old, unhappy far-off things, and battles long ago." But archaic is precisely what this pamphlet hopes to become—and as speedily as possible. Ponder, then, my dear reader, a work which desires, above all things, to make itself superfluous, and see if you cannot help it toward the goal.

INFLATION, SOCIALIST-STYLE

MOSCOW, Feb. 29 (AP)—The Soviet Union announced tonight price cuts on a wide range of consumer goods, including several in the luxury class.

The Soviet press agency Tass said the list included fox furs, electric sewing machines, silverware, cameras, radios and sporting guns, marmalade, cocoa, coffee and evaporated milk.

The Soviet people, said the agency, will benefit by an annual saving of 2,500,000,000 rubles from the cuts, ranging up to 30 per cent. (The official rate of the ruble is 25 cents.)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(*continued from inside front cover*)

in this last letter. We have saved out several hundred copies of the Cuba issue so that new subs can begin with it. Won't you please make a special effort to take advantage of this opportunity to interest other people in the magazine? A whole year of MR *including Cuba* can be had for only $4.

We believe that we have another good selling point for you to use. Reporting on Cuba in the U.S. press—even in such generally respected organs as the *New York Times* and the *Wall Street Journal*—has been getting less reliable and more tendentious in almost exact ratio to the heightening of tensions between the U.S. and Cuba. In view of this situation we have decided to go to Cuba again before the end of September and get the facts and figures necessary to bring the story up to date. We do not think it is unduly immodest to say that those who subscribe to MR now will in the months ahead be the best informed people in the country on the historic events now transpiring to the south of us.

The cloth-bound version of *Cuba: Anatomy of a Revolution,* including 16 pages of photographs, is of course still available at $3.50 a copy. But from our point of view, right now it is more important to sell new subs for $4 than copies of the book at $3.50. Of course, if you have no choice. . . .

Readers will be interested to know that we have made an agreement with Routledge & Kegan Paul for a London edition of *Cuba,* and that the book is now being translated into the following languages (with more, we hope, to come): Spanish, Portuguese, Japanese, Hebrew, and Italian.

Publication date for MR Press's next book, Maurice Dobb's *An Essay on Economic Growth and Planning,* is October 17. This is therefore your last chance to order it at the special prepublication price of $2.25. After that the price will be $3.50. This is the book of which the University of Glasgow economist Ronald Meek has written in the London *Tribune*: "His book is undoubtedly one of the most important exercises in what you might call the 'pure theory' of economic planning that has yet appeared, and is far and away more competent than most of the work in this field which is being produced in the socialist countries themselves."

In its book notes section *The New Yorker* recently said of Claud Cockburn, author of MR Press book *Crossing the Line*: "He is a marvellous raconteur . . . his book succeeds on its own unpretentious terms: it's funny." If that tempts you, send us $3.50 and enjoy it yourself.

A number of students at Stanford University have formed a Committee to Defend the Cuban Revolution and are working hard to expand its membership and influence beyond their immediate neighborhood. Inquiries should be sent to Box 7064, Stanford, California.

Let us also remind you of the Fair Play for Cuba Committee which now has local chapters in a number of cities and publishes the very useful weekly newssheet *Fair Play* (sub price $5 a year). The Committee needs members, subscribers, and volunteer workers. Address: 60 East 42nd Street, New York 17.

Africa South, an excellent quarterly dealing with Africa south of the Sahara, has been ousted from South Africa and is now published "in exile" in London. It needs and deserves your support. The American representative is Mrs. Miriam Singer, 336 Summit Avenue, Mount Vernon, N.Y., and the annual sub price is $3.

As we get older we have found it increasingly difficult to read MR's type. So, as some readers may have spotted, we initiated a change with the Cuba issue which will be maintained from now on. We have gone from 10-point Baskerville to 11-point and have reduced the width of the printed line from 25 to 24 picas. You can see the difference between the old and the new by comparing page 316 (new) with 317 (old).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

MR PRESS BOOKS

	List Price	Price with Sub
American Radicals, edited by Harvey Goldberg, paper	$1.25	$5.00
American Labor in Midpassage, Bert Cochran, Ed., paper	1.25	5.00
Man's Worldly Goods by Leo Huberman, paper	1.50	5.00
Cuba—Anatomy of a Revolution by Huberman and Sweezy	3.50	6.00
American Labor In Midpassage, Bert Cochran, Ed., cloth	3.50	6.00
Crossing The Line by Claud Cockburn	3.50	6.00
An Essay on Economic Growth and Planning by Maurice Dobb—prepublication price $2.25	3.50	6.00
The Jazz Scene by Francis Newton	4.00	7.00
The Alienation of Modern Man by Fritz Pappenheim	4.00	7.00
Conviction, edited by Norman MacKenzie	4.00	7.00
World Without War by J. D. Bernal	5.00	7.00
The Wall Between by Anne Braden	5.00	7.00
The Present As History by Paul M. Sweezy	5.00	7.00
The Chinese Economy by Solomon Adler	5.00	7.00
The Political Economy of Growth by Paul A. Baran	5.00	7.00
American Radicals, edited by Harvey Goldberg, cloth	5.00	7.00
A New Birth of Freedom? by Konni Zilliacus	5.00	7.00
The Theory of Capitalist Development by Paul M. Sweezy	6.00	8.00
Th Great Road by Agnes Smedley	6.75	9.00
Caste, Class & Race by Oliver C. Cox	7.50	10.00

MR PRESS PAMPHLETS

Why Socialism? by Albert Einstein	15c per copy	7 for $1	40 for $5
Marxian Socialism; and *Power Elite or Ruling Class?* by Sweezy	25c per copy	5 for $1	30 for $5
Marxism and Psychoanalysis by Baran Comments and Rejoinder	50c per copy	5 for $2	13 for $5
The ABC Of Socialism by Huberman and May	50c per copy	5 for $2	13 for $5
Thinkers and Treasurers by Dunham	50c per copy	5 for $2	13 for $5

Monthly Review Press 66 Barrow Street New York 14, N.Y.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED